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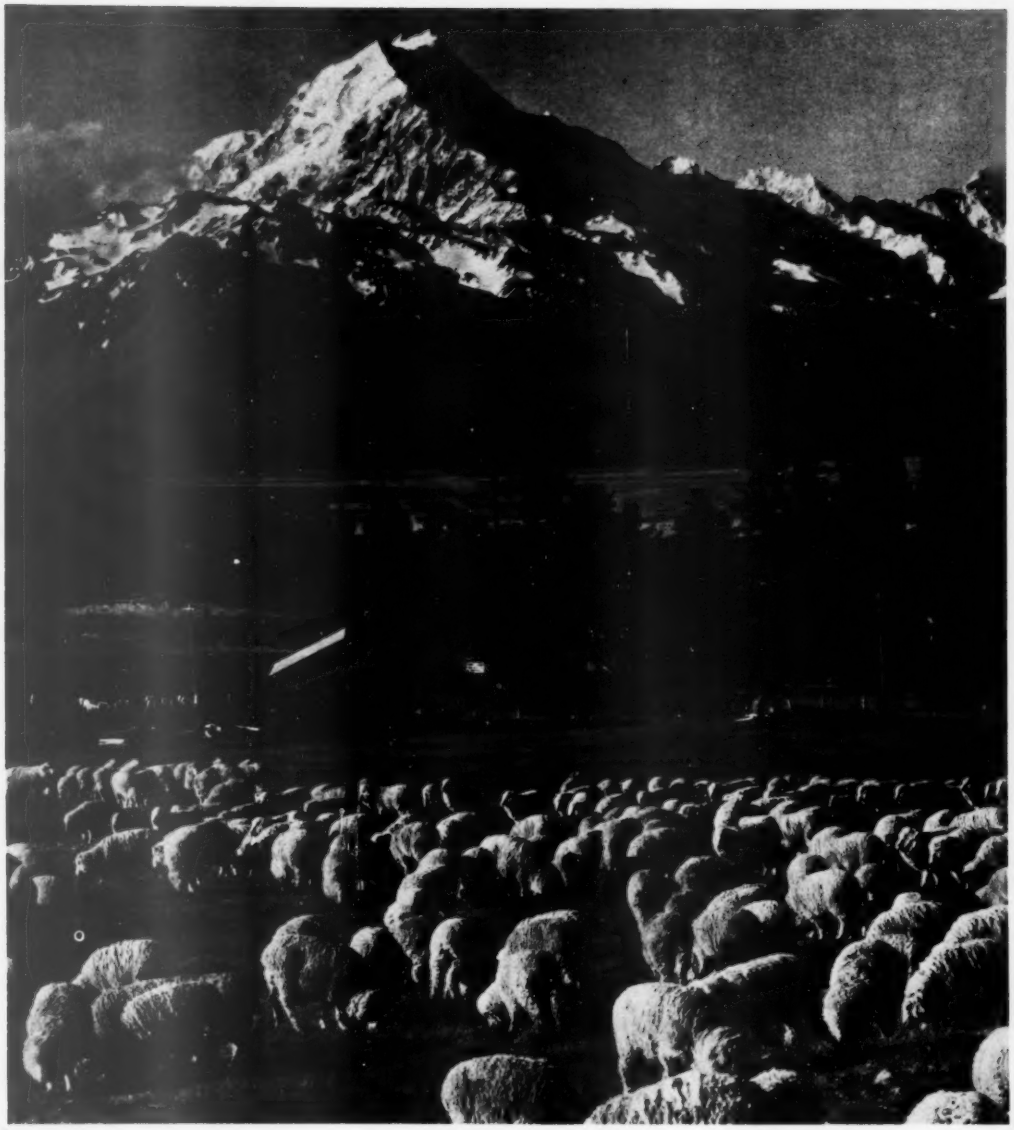

April 30, 1973

World Red Meat Consumption

Goal of GATT Negotiations

FOREIGN AGRICULTURAL SERVICE
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In this issue:

2 Incomes, Prices, Trade Influence World Red Meat Consumption By Larry E. Stenswick

5 GATT Negotiations Could Help Gear World Trade to Today's Realities and Requirements By Richard J. Goodman

7 Newcastle Threat Prompts Strict Regulations on U.S. Poultry Imports By Dr. Francis J. Mulhern

8 CARIFTA Changing to Common Market, Seeking Strong Ties With EC By Frank D. Barlow

10 Dutch Glasshouse Industry Faces Market Problems By John A. Williams

13 Crops and Markets

This week's cover:

In the scenic high country of New Zealand's South Island, a flock of sheep graze at Glentanner Station, almost in the shadow of snow-covered Mt. Cook. One of the few countries that consume significant amounts of sheepmeat, New Zealand averages an annual 88 pounds per person of sheep, goat, and mutton—second only to Australia. Red meat consumption patterns in many developing countries are analyzed in an article beginning on this page.

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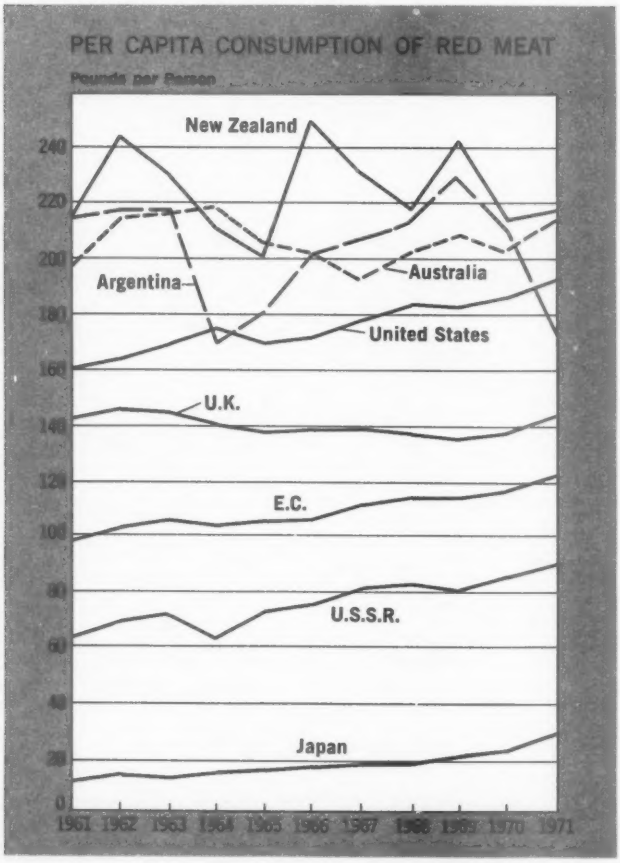
Herefords and calves graze near Gladstone. New Zealand has been the world's top red meat consumer since 1966.



Incomes, Prices, Trade Influence World Red Meat Consumption

By LARRY E. STENSWICK
Livestock and Meat Products Division
Foreign Agricultural Service

PEOPLE IN MOST developed countries are eating a lot more red meat than they did in 1961. Although growing prosperity and higher income levels are undoubtedly the major causes of expanded per capita consumption, other variables are producing noteworthy changes in consumption patterns.

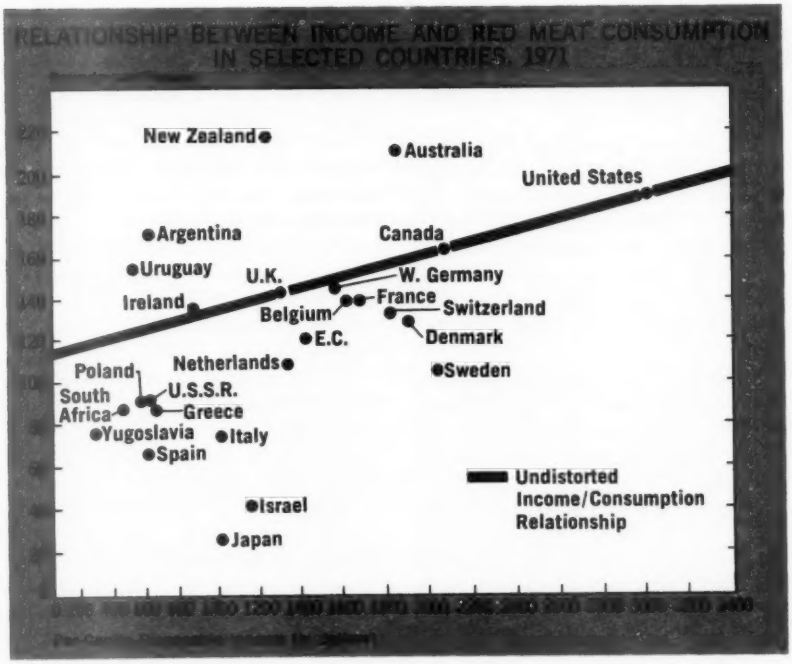
Meat prices are clearly a factor in determining variations in consumption levels. And barriers to world trade such as transport costs, import and export taxes, tariffs, and others, prevent equalization of meat prices between countries.

Major meat exporters such as Uruguay, Argentina, New Zealand, and Australia have generally lower price levels and their people consume more meat in relation to income levels than the rest of the world. In South American countries, however, exports have been restricted to ensure adequate supplies, hold domestic prices down, and keep traditional high consumption levels intact. In the chart shown below, these countries are above the line that indicates a very clear relationship between per capita disposable income and red meat consumption.

Countries such as the United States, Canada, and the United Kingdom, which have internal grain prices at world levels and generally free access to their meat markets, can be considered to have meat consumption levels in undistorted relation to their income levels. Here, price levels for pork and beef are influenced by world grain prices and meat imports from other sources can compete freely. A line connecting these countries is shown on the chart.

Countries with sufficient protection in the grain and/or meat sector to put consumer meat prices above world levels—such as European Community (EC) countries and Switzerland—have consumption levels below what disposable income would indicate and fall below the line in the chart.

Some countries maintain very tight import controls, often through quotas and/or high tariffs, and the resultant very high meat prices offset higher income levels, causing per capita meat consumption to lag. Japan and Sweden as shown on the chart are two such countries.



In addition to price and income, other factors such as traditional eating habits still influence consumption levels. But with further expansion of world grain and meat trade, tradition may increasingly give way to price and income level considerations when shopping. A marked change toward world price levels in the grain and livestock sectors should result in even a faster rate of consumption growth than that experienced in 1961-71.

Red meat consumption. Since 1966, New Zealanders have been the world's largest per capita consumers of red meat In 1971 they consumed 217 pounds per person, followed closely by Australians with 212 pounds. Although consumption shifted between different meats, overall consumption has changed little from 1961, since the pull of world meat markets caused internal price rises that largely offset advances in income since 1961.

U.S. consumption, on the other hand, has expanded steadily. The United States was the third largest world consumer in 1971 with 192 pounds per person, surpassing both Argentina and Uruguay where consumption dropped because of a sharp decline in cattle slaughter and an increase in the percentage of production exported.

Uruguay was the world's largest consumer of red meat in 1961, followed closely by Argentina, New Zealand, and Australia. These four Southern Hemisphere countries have extensive grasslands, temperate climates, and well-developed cattle and sheep industries.

Export markets are important outlets for their meat production. Both the cyclical pattern of red meat consumption observable since 1961 and the absence of an overall trend is related to their ties to world markets.

Almost without exception, countries of both Western and Eastern Europe have expanded their per capita consumption over the past 10 years. The only exceptions—the United Kingdom and Denmark—remained nearly constant per capita consumers of meat, although in the United Kingdom pork consumption gained at the expense of beef and veal, while just the opposite took place in Denmark.

The organization of the Common Agricultural Policy resulted in larger internal markets for some efficient meat producers within the EC, but often at the expense of efficient external producers.

A NUMBER OF COUNTRIES, including Greece, Portugal, Spain, Israel, and Japan, had large percentage changes in red meat consumption between 1961 and 1971. All started with a relatively low base, all had greatly expanded imports in this period, and all five still maintain quota controls on meat imports.

Preliminary 1972 estimates of red meat consumption indicate little change from 1971 levels, although the United States, the United Kingdom, Argentina, and the EC apparently experienced small declines. U.S. consumption was down about 3 pounds per person, with additional intakes of beef failing to offset lower pork consumption.

In the United Kingdom several factors contributed to the lower supplies, higher prices, and consequent decline of about 3 pounds in red meat consumption experienced last year. The drop in lamb imports from New Zealand and store cattle from Ireland were important, as was the pull of meat out of the United Kingdom to the higher returns of continental markets and the retention of cows by British farmers to build up herds.

Despite a sharp production increase in Argentina, consumption fell again in 1972 as the alternate-week ban on beef consumption caused extra output to move entirely into export channels. For the EC, increased imports of beef from the United Kingdom, Ireland, and Argentina partially offset lower domestic supplies. With slightly higher pork production, overall red meat consumption by the EC may be only slightly below the record 1971 level.

Beef and veal consumption. In the early 1960's, Argentines and Uruguayans consumed much more beef and veal per person than any other nationality. In 1971 Argentina's beef consumption fell to a cyclically low 137 pounds per person, contrasting with the 182-pounds level of 1961 but still the highest in the world. In 1971, the United States for the first time, was the second largest beef eater at 116 pounds per person, and throughout the period U.S. consumption moved steadily upward.

Over the past 11 years most South American countries have had a very cyclical consumption pattern, although in Uruguay, Paraguay, and Peru a lower overall average consumption level is evident. For Uruguay, this is probably due, in part, to rebuilding of herds following the exceptionally high slaughter in 1964 and 1965 and partly to higher export levels in 1967-71.

Consumption of beef and veal has also moved cyclically in Oceania, although in Australia a small downward trend is evident, while in New Zealand there exists a slight trend toward higher beef and veal consumption. The sharp increase in Australian beef and veal production in recent years has moved entirely into export markets, as strong overseas demand pulled up retail beef prices and diverted meat into export channels.

In 1971, New Zealand was the third largest consumer of beef and veal on a per capita basis at 105 pounds, while Australia at 90 pounds ranked fifth.

Canada, at 93 pounds per person, was the fourth largest beef consumer in 1971. The small decline experienced in 1971 can be attributed to herd building and lower net imports. Cattle numbers declined sharply during 1965-67 and only rebounded to 1965 levels in 1971. The quick rise in consumption in the mid-sixties is directly related to increased slaughter during that period.

In most of Western Europe per capita consumption of beef and veal has risen in the past 11 years. France, the Netherlands, and Norway remained nearly constant, however, and per capita consumption fell in both the United Kingdom and Sweden.

The dramatic percentage increase in consumption in the Mediterranean countries of Spain, Portugal, Italy, and Greece is related to increasing domestic production and substantially increased imports of beef and veal (and in the case of Italy and Greece, increased imports of both feeder cattle and fatstock).

Except for Spain, however, increased production is a short-term gain as much of it has come from herd liquidations. Total cattle numbers have trended downward.

Under various programs to expand both cattle numbers and beef production, per capita consumption has grown steadily in the Soviet Union to 49 pounds per person in 1971, and at a faster rate than in Eastern Europe. Hungary at 42 pounds in 1971 and Czechoslovakia at 20 pounds have shown little change in beef and veal consumption since the early 1960's.

With unchanged cattle numbers and no production increase over the past 11 years, South Africa's declining per capita consumption results from fast-growing population. The decline would have been more marked had not imports from Rhodesia and other neighboring countries jumped in 1966 and subsequent years.

In Israel 2 out of every 3 pounds of beef consumed are imported; annual changes primarily reflect changes in import levels. Japanese imports have expanded, especially since 1968, contributing to increased consumption, although higher prices in the last few years also resulted in a rise in the number slaughtered and a substantial gain in slaughter weights.

Pork consumption. Cyclical changes in pork consumption evident in many countries can be related primarily to the existence of a hog cycle, although trade is a factor for net exporters such as Denmark, the Netherlands, Belgium, and large net importers such as the United Kingdom.

PORK CONSUMPTION LEVELS appear to fall into a number of distinct categories.

- One category includes the high consuming countries of Northern and Eastern Europe and North America. Denmark at 93 pounds per person led this group in 1961, followed by Austria, Germany, Canada, and the United States. By 1971 Germans were the largest pork consumers at 90 pounds per person with Hungary (89 pounds), Austria (85 pounds), Denmark (80 pounds), and the United States (73 pounds), not far behind.

Taiwan is unique in Asia as a large pork consumer—59 pounds per person in 1971—and the consumption level reflects the growth of intensive pig production facilities.

Within the group of major consumers, consumption has trended upward with sharp increases in 1971 resulting from higher production and lower retail prices.

- Bulgaria at 26 pounds and the USSR at 30 pounds per person are exceptions to the high levels of pork consumption found in other European countries. Both of these countries have

(Continued on page 16)

GATT Negotiations Could Help Gear World Trade To Today's Realities and Requirements

By RICHARD J. GOODMAN
Associate Administrator
Foreign Agricultural Service

THE UNITED STATES attaches great importance to multilateral negotiations that will begin later this year in Geneva under the General Agreement on Tariffs and Trade (GATT). We see these negotiations as an opportunity to fit the world's trading patterns to the realities and needs of our times.

The International Economic Report of the President, transmitted to the Congress last month, calls attention to the dramatic shift in the U.S. trade position from a historical surplus pattern to that of last year's record deficit, more than $6 billion. "Continuing large U.S. deficits," according to the President's Report, "have caused a persistent deficit in the U.S. balance of payments, with a resultant adverse effect on the stability of the dollar internationally, and thus on the whole internal economic order." A substantial trade surplus is called for to restore our balance of payments equilibrium.

In this connection, the International Economic Report of the President states, the "need for multilateral trade negotiations clearly transcends our own requirements." No matter how flexible a currency rate adjustment process we achieve, it can be undercut by trade barriers shielding industries from price competition. Thus successful trade negotiations are considered essential if we are to improve our trade balance.

GIVEN THAT the agricultural sector in the United States contributes the largest trade surplus to the balance of payments, makes an important contribution to employment in this country, is the most dependent on exports, provides the strongest support for a liberal U.S. trade policy, but is still the sector most disadvantaged by unfair trade practices abroad, it seems clear that trade liberalization for agriculture must be one of the high-priority objectives of multilateral negotiations.

We believe this objective can be realized if we seek in the negotiations to make the original principles of GATT fully applicable to agriculture. These principles are that the only device at the border should be tariffs, that these tariffs should be nondiscriminatory, and that they should be as low as possible.

The prospects for freer trade in the agricultural sector should be improving with consumer pressures within each country.

- In many parts of the world populations are growing and incomes are rising. More and more people want to improve their diets by introducing better quality and more variety into their eating habits. To meet this demand, countries will have to import more foodstuffs to complement as well as to supplement what they are able to produce themselves.
- Inflation plagues most industrialized nations today. Europe and Japan, along with the United States, are under pressure to control the cost of food. We believe that if there is some division of labor among agricultural producing nations as to who produces what, we can get the most food for the least cost because we will be able to take advantage of each country's most efficient product sectors.

In our case, this means we would be able to concentrate particularly in the grain and feed crops for which we have such a rich capacity. This is not to say we would be neglecting other areas where, because of constant improvements in technology, we also have a fine productive capability. But other countries would also have to increase production in some of these other areas, particularly livestock, if the increasing world demand for better and more food is to be met.

- Cost considerations constitute a third pressure point for liberalization of agricultural trade. There will be increasingly high treasury costs for countries who subsidize surplus production of commodities in which they are relatively less efficient. We have emphasized repeatedly that world stability is not served when nations put the burden of cost of their own domestic policies on other countries through trade restrictions and subsidies. We believe that increasingly frank international discussions of the true cost of protecting agriculture will bring other countries to the realization that both producer and consumer interests can be better served by an open agricultural trading system than by continuation of artificial production stimulants and import restraints.

How we intend to go about it. With these considerations in mind, we have worked for well over a year to bring about a multilateral discussion of world trade problems in agriculture. Starting in bilateral trade discussions connected with the Smithsonian Agreement in December 1971, we have urged other major trading countries to support a broad negotiation needed both to expand trade and to work out improvements in the world trading system to take account of changes in the trade environment since rules of the GATT were developed in the 1940's. At that time we emphasized the particular importance of using such negotiations to arrive at a more mutually acceptable understanding of the rules which should guide the conduct of international agricultural trade.

Since then we have returned to this theme whenever an opportunity has presented itself. In bilateral consultations with the European Community (EC) and with Japan; in the High Level Group on Agriculture, of the Organization for Economic Cooperation and Development (OECD); and in the GATT Agriculture Committee, we have made clear our concern that agriculture must be the subject of serious and thoughtful negotiation if a new multilateral round of trade talks is to succeed.

We regard the negotiations that began in Geneva last month regarding adjustments owed to us as a result of enlargement of the European Community to be an appropriate place to raise certain agricultural problems at issue between the United States and the EC.

Excerpts from remarks at 71st Annual Convention of Millers' National Federation, Washington, D.C., April 10, 1973.

In these negotiations, we are limited by our GATT rights to showing where we have lost trading rights because of enlargement and how much we have lost, and to seeking adjustment in EC trading practices that will offset the losses in the items involved. We have important trade interests in a number of products for which the levels of border protection in the United Kingdom, Denmark, and Ireland will be increased as a result of EC enlargement.

A forthcoming EC attitude towards liberalizing agricultural trade in these negotiations will lay the foundation for progress in the multilateral negotiations.

THE EC AND other major trading nations have already moved forward in preparing for the multilateral round of negotiations. In November, the GATT Contracting Parties agreed to establish a Preparatory Committee; to schedule a meeting at the ministerial level next September to receive the report of the Preparatory Committee; and, if events justify the action, to establish a trade negotiations committee.

In broad terms, these are the goals we will be seeking in the multilateral negotiations. We are determined first of all that agriculture be viewed as part of the total trade package rather than being treated in isolation. We see no justification for not considering agriculture along with other American industries and negotiating it as such. There is no reason why nations looking for access to industrial markets should not be asked to negotiate in terms of access for agricultural products, and vice versa.

Although **tariffs** are of less importance to agriculture than to industry as a barrier to expanded trade, there are items where we could benefit from the lowering of agricultural tariffs by certain of our trading partners.

Nontariff barriers constitute the principal restraint upon agricultural trade, and it is widely recognized that negotiations on agricultural NTB's will be among the most important. A variety of proposals have been made as to how they should be handled, and there will undoubtedly be more debate before any negotiating approach is agreed upon. But whatever the approach, the objective of nontariff barrier negotiations must be to seek a reduction in the overall level of border protection for both agriculture and industry. Insofar as agriculture is concerned, we think that if we can make sufficient progress in this direction, the internal choices which individual countries make about what form their domestic support systems are to take need not be a matter of international concern.

WE RECOGNIZE the importance of liberalizing trade, but we also recognize that in a free trade world, **safeguards** from sudden and disruptive import surges must be readily and effectively available. The other side of safeguards is provision for retaliation in the event some country breaks agreed-upon trading rules or engages in unreasonable trade practices.

We recognize that nations cannot dictate each other's domestic policies, and any such change would of course be left to each country's discretion. But we believe that a successful negotiation on nontariff as well as tariff barriers to trade will lead to the kind of policy changes needed to make world agriculture more responsive to market requirements.

Thus, there is a basic consistency between our domestic policies and our overseas trade objectives. The multilateral negotiations scheduled for this fall become extremely important to us as we work toward an open trading world—one that will permit American agriculture to profit from its own efficiency and productive ability.

The world market for agricultural products is out there, and it is growing. Thanks to climate, geography, technology, and managerial ability, the U.S. food and agriculture complex produces a wide range of commodities that are wanted and needed by the world, and does it abundantly and efficiently. We have proved that we can compete in markets around the world—if we are given reasonable access and the chance to compete on fair terms.

That, stated simply, is our goal: better access to world markets in a freer trading system. We are working for a system that would lead to more efficient international use of agricultural resources—a goal that would give full scope to the vast potential for trade growth offered by expanding foreign demand.

Farm Trade Barriers Changed

Significant changes occurred during March 1973 in the tariffs and nontariff barriers maintained by other countries which affect trade in agricultural commodities.

CHILE . . . . Has made subject to state trading, effective March 7, all imports of the following items: **Lamb** and **mutton, bacon, canned pork** and **duck, fresh milk, margarine, soup concentrates, canned peas, barley** (grain and malted), **soybean** and **cottonseed cake, sunflowerseed meal,** and **peanuts.** At the same time, all import duties on these items were suspended.

WEST GERMANY . . . . Has extended, indefinitely, issuance of import permits for **horses** from Western Hemisphere countries. Originally, permit issuance was to have terminated on March 31.

ITALY . . . . Has extended through June 30, 1973, the import period for **grapefruit,** which had been scheduled to expire March 31.

SOUTH KOREA . . . . Has implemented a partial tariff reform which includes both reclassification of items and import duty reductions on a number of goods. Agricultural items of interest to the United States for which duties have been lowered are (value of January-November 1972, imports from the United States in parentheses): **Breeding stock** ($232,000), **dairy cows** ($1,537,000) and **feed corn** ($20,726,000).

MOROCCO . . . . Has raised the Special Import Tax to 5 percent from its previous level of 2.5 percent. (This tax is levied on almost all imports, and is in addition to any import duties.) Also, **butter** was placed on the list of commodities requiring licenses for importation.

UGANDA . . . . Has placed a temporary import ban on **biscuits, sweet breads, ice cream, tea, beer,** and **cigarettes,** and embargoed the entry of **edible oils.** The United States has furnished little or none of these commodities to Uganda in recent years.

UNITED KINGDOM . . . . Has exempted **frozen concentrated orange juice** from that country's value-added tax.

Inquiries concerning any of these changes should be addressed to the Trade Operations Division, Foreign Agricultural Service, USDA, Washington, D. C. 20250.

Newcastle Threat Prompts Strict Regulations on U.S. Poultry Imports

By DR. FRANCIS J. MULHERN
Administrator
Animal and Plant Health Inspection Service

WHEN THE U.S. Department of Agriculture (USDA) early this year placed new and stiffer requirements on egg and poultry meat imports, some people saw this as a protectionist move —and in one way they were right.

The action by USDA's Animal and Plant Health Inspection Service (APHIS) restricting egg imports and banning fresh poultry meat imports is designed to protect the U.S. poultry industry and American consumers from the most costly foreign poultry disease to threaten this Nation in decades—exotic Newcastle disease.

U.S. officials made the decision to eradicate the disease, rather than "live with it" as has been traditionally done in countries where the disease has appeared.

Research has shown that measures routinely taken to protect flocks from domestic strains of Newcastle will not work against the new invader. To be effective against exotic Newcastle, existing vaccines must be administered more carefully and more frequently. Even then, vaccines will not eliminate infection once the disease is introduced into a poultry flock.

When exotic Newcastle disease strikes a vaccinated flock, mortality losses will probably run from 10 to 20 percent, with the greatest losses occurring among young broilers and replacement pullets. Other losses in the form of additional time and feed required to reach market weight in broilers and declines in both egg production and quality would also be incurred. Owners of unvaccinated young chickens could expect to see their flocks virtually wiped out following introduction of the disease.

Although turkeys are not severely affected by exotic Newcastle, they are still potentially important vectors in spreading the disease.

The outbreak in southern California, the costliest U.S. encounter to date with exotic Newcastle, gives some indications of the peril. The problem started with infected, imported pet birds, which disease investigators found had mixed with poultry in the heart of the outbreak area. The disease quickly spread throughout an area that can best be described as "wall-to-wall poultry."

More than 11 million birds, almost all of them laying hens, have had to be destroyed in the effort to halt the the southern California outbreak. The cost in indemnities and other expenditures is set at close to $20 million now, and an additional $20 million may have to be spent before the disease is eradicated.

Imports of animal products have always posed the danger of disease introduction.

This threat resulted in APHIS banning live poultry and hatching egg imports from 23 countries over the past several years. APHIS also placed a temporary ban on imports of pet and exotic birds in August 1972.

This past autumn, poultry—and especially egg—prices began to climb in the United States, attracting increased table egg and poultry meat imports.

APHIS officials were aware of the danger posed by unrestricted imports from countries infected with the disease. Most countries in the world have exotic Newcastle disease, and most of the world's poultrymen are forced to live with the costs of this disease. High concentrations of exotic Newcastle disease virus are present in the bodies of infected birds and their fecal waste. Eggs from infected birds may harbor the virus on their shells. Fecal material on the shell can contain exotic Newcastle disease, as can the packaging materials.

This threat led APHIS officials on January 8, 1973, to ban poultry imports of fresh, chilled, or frozen meat and to place restrictions on egg imports.

The new egg import regulations require that the products be washed, sanitized, and packed in new cartons, flats, dividers, and crates—similar requirements are enforced in southern California areas under quarantine for exotic Newcastle. Egg cases will be examined at the port-of-entry to make sure this has been done.

Since the yolk or white of the egg can also contain the virus, regulations call for the use of "sentinel" birds in laying flocks from which eggs are exported to the United States. These sentinel birds are chickens raised in a disease-free environment, and therefore readily show symptoms of exotic Newcastle when exposed to a diseased flock.

In California, sentinel birds are also used as disease detectors. Many U.S. flocks are heavily vaccinated against domestic Newcastle disease strains. If they become infected with the exotic virus, the vaccines can mask clinical signs of the disease. So they are placed in flocks where the virus is suspected. If the sentinels sicken or die, laboratory tests are run to determine if the cause is exotic Newcastle.

Using sentinel birds in exporting laying flocks provides a continuing check on the health of these flocks. Certifying the use of sentinels and making regular health checks on them will be done by a full-time veterinarian employed by the exporting nation. The purpose, of course, is to make sure that imported eggs do not bring exotic Newcastle disease into the United States.

The only nation exempted from the new restrictions is Canada, since agricultural officials there are also following an eradication program against the disease.

Eggs offered for import which do not meet the sentinel bird certification requirements must be sealed at the port-of-entry and sent directly to a federally inspected egg-breaking plant for pasteurization.

Poultry or eggs entering the United States for scientific research or educational use must also go to an institution that is equipped to receive potentially disease-bearing materials. Some game birds are considered possible exotic Newcastle carriers.

Migratory game bird carcasses brought into the United States by hunters may enter, but they must be drawn and dressed, with heads and feet removed, or delivered to a USDA-approved taxidermist.

Nonmigratory game birds, however, must be cooked before they are brought into the United States. The rule does not apply to birds from Canada because of the Canadian policy on eradication of exotic Newcastle disease.

(Continued on page 12)

CARIFTA Changing to Common Market, Seeking Strong Ties With EC

By FRANK D. BARLOW
Foreign Demand and Competition Division
Economic Research Service

In Trinidad, clockwise from left, a hog enterprise, small farmer hauling cane to rail siding, and workers "dancing" (polishing and drying) cocoa.

CARIFTA — the Caribbean Free Trade Association—will celebrate its fifth anniversary this May 1 by becoming the Caribbean Common Market (CCM).

Composed of 12 former British possessions in the Caribbean, formation of the CCM means further interdependence for its members, as their economic and trade ties are strengthened. The move also is an attempt to achieve strength through unity in the group's trade negotiations next year with the European Community (EC).

The consequences of U.K. entry into the EC are of concern to Commonwealth Caribbean countries as the preferential tariffs and quotas for sugar, bananas, and citrus formerly granted by the United Kingdom must be renegotiated next year with the enlarged EC. If these negotiations result in reverse preferential treatment of EC agricultural exports by the CCM, they will threaten U.S. agricultural exports.

Heretofore, the Caribbean region has been one of the fastest rising U.S. farm markets in the Western Hemisphere. And its market potential remains strong, if only because of increased tourism, the rapid economic growth now underway, and its generally limited domestic agriculture.

Roots of the new CCM go back to May 1968, when Trinidad and Tobago, Guyana, Barbados, and Antigua joined together as charter members of CARIFTA. They were joined 2 months later by the British West Indies Associated States—Dominica, Grenada, St. Lucia, St. Kitts, and the Crown Colony of St. Vincent. Jamaica and the Crown Colony of Montserrat joined on August 1, 1968. The 12th member, British Honduras, entered on May 1, 1971.

The CCM will use headquarters of the present CARIFTA Secretariat in Georgetown, Guyana, and will move further toward the original CARIFTA objectives of removing all tariffs on trade between countries and establishing free trade among members, promoting balanced growth throughout the area, and reducing disparities between

the big four—Trinidad, Jamaica, Guyana, and Barbados—and the less developed member territories.

CARIFTA protocols will be continued, including those requiring a ban on imports of regionally grown products such as pork and pork products, poultry products, certain vegetables, fresh oranges, pineapples, and fats and oils until member countries' available supplies have been exhausted. Also, the Sugar Marketing Protocol, the Oils and Fats Agreement of 1970, and the Rice Agreement adhered to under CARIFTA will continue in effect.

CARIFTA members' decision to form the CCM on May 1, 1973, is directed toward strengthening regional integration and creating a better framework for achieving development goals. The United Kingdom's decision to join the EC and the possible consequences this would have on Caribbean trade with that area indicated the need to strengthen regional coordination.

FOR CENTURIES, the Caribbean members of the British Commonwealth enjoyed the benefits of Commonwealth preferences, with more than 75 percent of the region's traditional agricultural exports of sugar, bananas, and citrus moving to the United Kingdom. Commonwealth status has been vital, particularly to the livelihood of the smaller islands.

A major objective of the newly formed organization is to speak with one voice, both in establishing its association with the EC and in the GATT trade negotiations scheduled to begin in 1974 with the EC, and to strengthen regional coordination.

The immediate concern of the CCM is the transfer of preferential market access for sugar and other traditional exports such as bananas and citrus from the United Kingdom to the enlarged EC by 1975. The CCM is also concerned about its deteriorating competitive advantage in sugar, citrus, and bananas vis-a-vis other countries in Latin America, the Mediterrean, and Africa.

Longer run objectives of the strengthened CCM are to continue to strive for greater intra-CCM trade, coordinate strategies for agricultural development, implement a common external tariff and a common protective policy, harmonize fiscal and investment incentives, develop proposals to ensure that priority is given to the use of regional over foreign raw materials, and establish measures to ensure an equitable distribution of benefits within the Caribbean region. These objectives will likely embody preferential arrangements for the less developed members within CCM for encouraging balanced economic growth.

Without such preferential arrangements, some of the less developed islands, such as Dominica and Montserrat, may decide to stay out of the new organization. Their support is expected to hinge on specific steps to protect their special interests and industrial futures. In addition, the higher cost imports from CCM members tend to discourage participation of the smaller islands unless they are able to share equitably in the expected increase in intra-CCM trade.

Of major concern to the United States, however, is the eventual trade relationship worked out between the EC and the CCM in the 1974 negotiations. If the price of EC market access for sugar, bananas, and citrus on a preferential basis involves reverse preferences for EC exports to the CCM, it could damage the U.S. trade position in the Caribbean.

Associated status for the CCM with the EC is also a possibility, as there is considerable support both within the Caribbean and Europe for such an arrangement. This could be even more detrimental to U.S. trade interests than the extension of selected tariff preferences similar to former Commonwealth preferences.

The latter have averaged about 50 percent under the general rate for most commodities in the tariff schedules of Barbados and several other members, while in Trinidad they have been only about 10 percent below the general rate. Trinidad does, on the other hand, maintain stringent import controls over both the quantity and the country of origin for many products, such as poultry, beef, pork, milk and cereal, and prepared food products. These have proved more restrictive for U.S. products than the Commonwealth tariff discrimination.

Associated status for the CCM could give the EC a much broader economic influence at the expense of the United States.

One only has to compare the U.S. market share of 4 to 6 percent of agricultural imports by Martinique and Guadeloupe—Overseas Departments of France—to those of other Caribbean countries to visualize the problems facing U.S. agricultural trade. In Trinidad, for instance, the U.S. share ranges from 25 to 30 percent; in Barbados, from 15 to 20 percent; and in Guyana, from 25 to 30 percent.

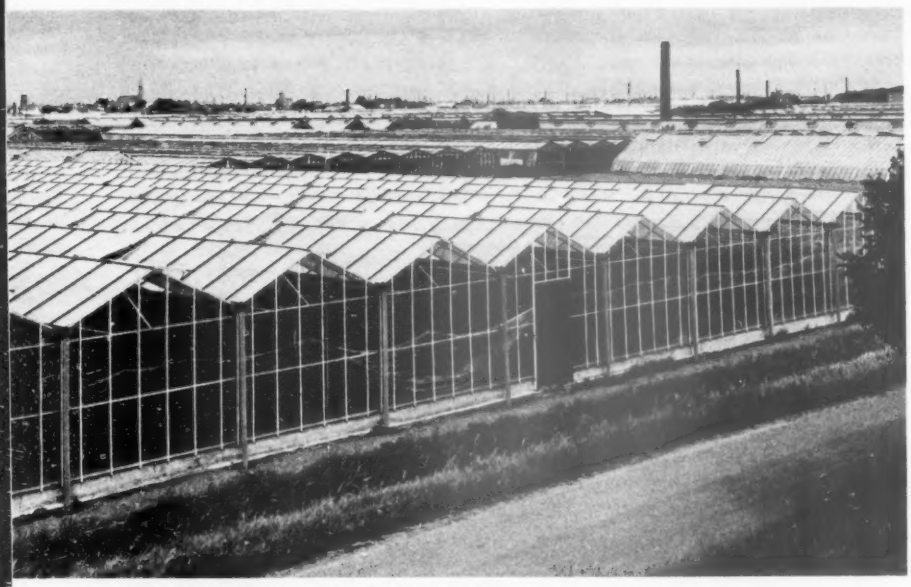
On the other hand, the Netherlands Antilles, which takes 35 to 50 percent of its agricultural imports from the United States, recently agreed to extend reverse preferences to EC producers on a number of items in the new schedule to satisfy the demands by some EC members for associated status. Associated status in this case may not greatly affect the United States as the preferential rates are largely offset by higher shipping costs.

Despite the widespread selective import controls, discriminatory tariffs vis-a-vis Commonwealth countries, and the free trade policies for encouraging intra-CARIFTA trade, the United States still has fared well as a supplier of agricultural products to Caribbean countries. U.S. agricultural exports to the CARIFTA countries rose from $40 million in 1965 to over $73 million in 1971 and $82 million in 1972.

There are many reasons for this remarkable performance. Among them are the competitive advantages enjoyed by the United States, due partly to geographical location and partly to the country's ability to deliver a wide range of bulk commodities, animal products, processed foods, and consumer-ready products at competitive prices. These products have supplied basic foods for the indigenous populations, as well as for the islands' rapidly expanding tourist trade—which is dominated by American travelers with preferences for American-type foods.

ALTHOUGH THE prospects are bleak for obtaining nondiscriminatory treatment for U.S. agricultural imports by the CCM, there is hope for further expansion of trade between the United States and the Caribbean. There are limits, for instance, to the extent of intra-CCM trade because of the seasonal nature and high cost of Caribbean production, marketing inefficiencies, and poor quality associated with small-scale production. The dual characteristics of the Caribbean market, which embraces both the predominantly low-income native groups and the more affluent Caribbean and tourist trade, serve to encourage greater imports of

(Continued on page 12)



Dutch glasshouses along the banks of the Maas.

Dutch Glasshouse Industry Faces Market Problems

By JOHN A. WILLIAMS
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THE NETHERLANDS, though smaller than Maryland and Delaware combined, is the world's top producer and exporter of fruits, vegetables, and flowers grown under glass. Its glasshouse area —18,180 acres in 1972—amounts to nearly half the glass and plastic acreage of Western Europe; and it is by far the European Community's chief supplier of fresh vegetables (mainly tomatoes, lettuce, and cucumbers), cut flowers, and potted plants.

Market gardening under glass (which the Dutch call *glascultuur*) contributes heavily to both farm income and the Dutch trade balance. Of the total production value of Netherlands horticulture in 1971—estimated at US$815 million—glasshouse products furnished about $415 million, or more than half. Similarly, in foreign trade, the output of the glasshouse has major importance in pushing the total for horticultural exports—the largest single category in Dutch agricultural exports—to around a fourth of the country's exports of all goods.

Exports account for 80 to 85 percent of Dutch glasshouse output of tomatoes, lettuce, and cucumbers and for 60 percent of that of cut flowers and potted plants. West Germany is the major customer. However, saturation of the European market is becoming a major problem for the three vegetables, and Netherlands glasshouse growers appear to be focusing more strongly on cut flowers and potted plants, for which demand is sharpening.

History. The Dutch have developed their market garden expertise over a long period. They first grew vegetables for export during the early days of the Industrial Revolution, to supply the growing demand of British workers for staple foods like cabbage, carrots, and potatoes, which were hardy enough to survive cross-Channel shipment by the leisurely methods of the early 19th century. Since industrialization hit the Netherlands later than it did Britain, northern France, Belgium, and Germany, Dutch workers were available for intensified horticulture, and the Dutch gained a permanent lead.

Thus an enterprising horticultural community developed in the Netherlands, combining climate, soil, research, specialization, technical know-how, and capital in a very efficient undertaking. As industrialization spread in Europe, it brought about a high standard of living and created a growing market for more delicate fresh fruits and vegetables which the Dutch learned how to produce in glasshouses. With their long tradition of skill in international trade, they supplied a steady flow of quality products at reasonable prices, transported on Europe's internal waterways.

Still, the industry, catering mostly to the luxury market both at home and elsewhere, was of only moderate importance before World War I. The cultivated area under glass was noticeably extended after 1918, but this growth trend was abruptly cut short by the depression of the 1930's. Following World War II came another growth spurt, with demand for glasshouse products rising yearly as a consequence of the increasing prosperity and purchasing power of the West European consumer.

The development of the supermarket in Western Europe has had much to do with growth in consumer demand for fresh vegetables. Supermarkets need large lots of high-quality, uniformly sized and graded products, preferably supplied in family packs. The Dutch wholesale trade has been able to adapt to this demand.

Dependence on exports has made the Dutch sensitive to price fluctuations in foreign markets. Controlled year-round glasshouse production has enabled them to supply these markets both early and late in the season.

Production areas. The most important glasshouse and horticultural area in the Netherlands is "the district," in South Holland, where 67 percent of the country's total area under glass lies in the triangle formed by the Hook of Holland, Leiden, and Gouda.

The intensive development of "the district" is due to its fertile soil, its good water management, its favorable location next to the harbor of Rotterdam, and the presence of a multitude of firms supplying materials, machinery, and services to the glasshouses. It has two horticultural centers, Westland and de Kring.

Westland, the triangle formed by the Hague, Maassluis, and the Hook of Holland, is the most important area of intensive vegetable production. Its principal glasshouse products are tomatoes, lettuce, and cucumbers (which make up

more than 85 percent of all the Netherlands vegetables under glass).

De Kring is the area surrounding Delft and Rotterdam. Production is even more specialized than in Westland, with small tomatoes and cucumbers growing in heated houses and leaf lettuce in both heated and unheated houses.

FLOWERS AND PLANTS, although grown countrywide, have their largest glasshouse concentration in North and South Holland Provinces. The center of floriculture are Aalsmeer, Rijnsburg, and Westland/de Kring. The growth of demand for long-stemmed cut flowers has made Aalsmeer clearly the best known export center, with roses and carnations its principal types. Rijnsburg is known chiefly for tulips, narcissi, and hyacinths, and Westland/de Kring, for freesias, chrysanthemums, carnations, roses, and ornamental foliage.

For fruit, the most important glasshouse region is Westland, which has production in both heated and unheated houses. However, the area of glasshouses (and other light structures) devoted to fruit has declined sharply since the end of World War II, when it totaled 1,860 acres. Today, it is only 410 acres, of which 332 are in grapes and the remainder divided between peaches and plums.

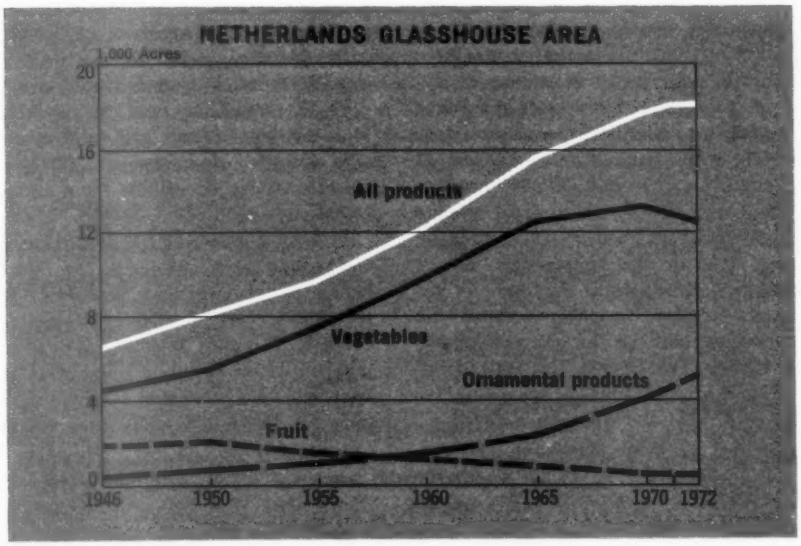
The decline is mostly due to a falling off in grape cultivation, which has gradually become too labor and capital intensive to compete with the lower priced supplies that have been coming from south European countries.

Research and technology. The Netherlands, while subject to the warming effect of the sea and the Gulf Stream, has long, wet, chilly winters. Glasshouse gardening was developed to permit year-round horticulture. Yields are high—for example, as much as 110 tons per acre for cucumbers and 55 for tomatoes.

Since 1950, but especially during the sixties, the Dutch have given much attention to climate regulation. By coupling the light intensity to heating and ventilation in a fully automatic system, they have achieved important improvements in glasshouse climate. In another important development, carbon dioxide enrichment, to increase growth rate, is now being used in nearly all heated glasshouses.

At present, the minimum size of a glasshouse holding in the vegetable area is about 2.5 acres. On such a holding it is profitable to have an automatic boiler, an automatic ventilation system, an irrigation system and equipment for applying fertilizer through it, and a grading machine for cucumbers or tomatoes.

At present, about two-thirds of the vegetable glasshouses are heated by piped-in natural gas rather than coal or oil burners. The early 1960's saw a switch from coal to oil, with a consequent cost reduction. The past several years have seen the further changeover to natural gas, because of the air pollution caused by the burning of heavy oil.



Environmental requirements are not the same for every crop. For instance, cucumbers require more heat than tomatoes, and tomatoes more than lettuce. Research by Dutch scientists into these various requirements has resulted in better quality products at decreasing cost prices. For example, the cost price for 1 pound of tomatoes (at the 1963 conversion rate of 1 guilder=$0.2762) was 17.8 U.S. cents in 1954; it has decreased steadily since then, to 15.5 cents in 1958, 14.3 cents in 1963, 11.4 cents in 1968, and 10.5 cents in 1972.

Marketing. Glasshouse products are sold chiefly through *veilingen,* or auction centers, most of which are cooperatives. Products are sold to the highest bidder through the well-known clock system, which shows prices from high to low. In these auctions, prices find their own level through the concentration of supply and demand, and all produce—sorted, sized, and classified by variety—is concentrated together so that each buyer can choose in the light of the specific grade and quality he requires and so that each producer can receive the best possible price.

MOST AUCTION CENTERS have authorized the Central Bureau of Horticultural Auctions to establish the minimum prices at which produce may be sold. This is done each year through an advisory committee set up by the Bureau for each product.

If the product brought to the center cannot be sold at or above the minimum price, a compensation price is paid to the producer, according to the quality of the produce (for lower quality, no compensation is paid). These payments are financed by fixed levies (per kilogram, article, or bunch) paid into the product fund by all producers who offer fruit and vegetables for sale through the auction center. Largest reserves are generally held in the tomato and cucumber funds.

The computer age is well underway in Dutch auction centers. Most have their own computerized billing services for recording purchases, prices, and sales lots. These range from comparatively simple systems in the older auctions, with an assistant to the auction master punching in details of each transactions as it occurs, to completely automatic systems at newer auctions.

At the Aalsmeer flower auction, a buyer bids by slipping a metal charge

plate into a slot on the desk where he is sitting. Immediately after the close of the auction, buyers receive billings which they are expected to settle before removing the purchases. Where—as in the floral trade—there are many small retail outlets, professional buyers representing several outlets are frequently employed. Such a buyer may well carry a dozen or more charge plates and switch them in and out of the computer system as he fills orders from the firms employing him.

Outlook. For all its proficiency, the Dutch glasshouse industry today faces a serious problem—the saturation of the West European market for tomatoes, lettuce, and cucumbers. As both acreage and yield have expanded in the Netherlands, the industry has expanded also in other European countries, particularly in Eastern Europe—frequently with the aid of Dutch know-how.

Although total Dutch area under glass is still enlarging and yields are still rising, three movements are underway within the glasshouse industry.

NETHERLANDS EXPORTS OF FRESH VEGETABLES
[In thousands of U.S. dollars]

Kind and destination	1970	1971
TOMATOES		
West Germany	72,077	80,792
EC-6, total	78,217	86,763
United Kingdom	22,139	19,534
World	109,832	118,012
CUCUMBERS		
West Germany	31,875	37,692
EC-6, total	33,331	38,742
United Kingdom	3,845	4,629
World	40,764	47,401
LETTUCE		
West Germany	27,964	34,659
EC-6, total	28,142	34,795
United Kingdom	5,474	6,418
World	38,856	47,137
TOTAL		
West Germany	178,998	199,796
EC-6, total	205,780	223,110
United Kingdom	37,424	30,912
World	268,963	286,345

NETHERLANDS EXPORTS OF ORNAMENTAL PRODUCTS
[In thousands of U.S. dollars]

Kind and destination	1970	1971
CUT FLOWERS		
West Germany	74,206	102,576
EC-6, total	82,214	112,271
World	95,042	126,790
POTTED PLANTS		
West Germany	6,296	8,009
EC-6, total	9,031	11,429
World	12,892	16,204

- **The area under vegetables has leveled off and begun to decline.** For many years, the Dutch had a strong lead in glasshouse research and technology and in marketing location. These advantages paid off in increasing yields, greater labor productivity, and lower costs despite increasing wages.

But other European countries (both East and West, but particularly East) began to buy Dutch know-how and technical advances. They either improved their existing facilities or built new ones; and the Dutch began to lose their marketing advantage. For example, fresh produce from Brittany, in France, which could not reach West Germany at all 10 years ago, now arrives there in perfect condition.

More competition for the Dutch on the West European market comes from the use of plastic rather than glass (at lower investment cost) in southern Europe; this together with improved transportation has encouraged those countries to grow fresh vegetables.

All in all, the favorable position of the Dutch glasshouse vegetable industry has declined sharply in the past several years. Production and exports of the three basic vegetables are large in volume, but the Dutch share of the market is being limited by competition.

This has persuaded the industry to try broadening its production base with crops like paprikas, strawberries, gherkins, and radishes. It is generally agreed, however, that these "small" products will not replace the big three, at least in the foreseeable future.

- **Fruit production has gone steadily downward.** This has been a consequence of lower cost production in southern Europe, particularly of grapes.
- **The area in cut flowers and potted plants has expanded steadily.** Since 1946, it has multiplied more than 13 times over, with especially sharp rises in 1970 and 1971. The overall growth factor has been good consumer demand, not only in the Netherlands but in Western Europe and elsewhere in the world. Many vegetable growers are switching over to the more profitable cultivation of flowers, and this definitely has the brightest financial future of all the glasshouse products. Continuing urbanization and increasing prosperity give reason to believe that demand for cut flowers and potted plants will increase even more.

CARIFTA Changing To Common Market

(Continued from page 9)

agricultural products, both bulk commodities and consumer-ready products.

These limitations are evident in the fact that CARIFTA during its 5 years of existence only managed to expand intraregional trade to about 6 percent of its total imports. Between 1968 and 1970, the internal imports rose some 54 percent from $54 to $84 million, but total imports climbed 35 percent, from $1,051 to $1,491 million.

It is estimated that intraregional trade is currently increasing at a rate somewhat higher than the percentage growth in total trade. It is obvious, however, that with economic development of the region and increased tourism, the Caribbean market for imported food products from outside the region will continue to grow—most likely at an increasing rate.

In the forthcoming EC-CCM negotiations the best that American exporters can hope for is that both the EC and CCM are moderate in their demands on one another and that the basic principles and the rules of the General Agreement on Tariffs and Trade are held to.

Newcastle Threat

(Continued from page 7)

Another means by which exotic Newcastle might enter the United States is through the smuggling of fighting cocks. Fighting cocks have been suspected as the source of isolated exotic Newcastle outbreaks in Florida, Arizona, and Texas. Puerto Rico, where cock fights are very popular, is under quarantine for exotic Newscastle.

APHIS port inspectors regularly apprehend smugglers, who try to hide birds in their luggage and brief cases. One smuggler even taped two birds to his body and tried to hide them under bulky clothing.

Protecting the U.S. poultry industry from exotic Newcastle disease is a direct benefit to the American consumer. If the disease became established in this country, it would regularly kill large numbers of young broilers and turkeys. Also, it would depress hatching and table egg production, and destroy young egg laying birds.

The net result would be price increases for every poultry product Americans bought.

CROPS AND MARKETS

Republic of China Reduces Import Tariffs

Effective February 16, 1973, the Republic of China (Taiwan) announced a temporary (6 months) reduction in its import Tariff Schedule for 10 items, of which eight are agricultural. The temporary duties in percentages (with normal rates in parentheses) on the farm items are: Milk powder, 13 (26); corn, 3 (6); barley, sorghum, and wheat bran 4 (7); soybeans 7 (13); soy flour, 39 (78); and molasses, 46 (91).

For fiscal 1972, U.S. agricultural exports to the Republic were valued at $169 million while U.S. imports for the same period amount to $63.2 million. Principal U.S. farm exports to Taiwan were soybeans, cotton, wheat, corn, and tobacco, while the major U.S. farm imports from the Republic were preserved vegetables, sugar, and fruits and nuts.

LIVESTOCK AND MEAT PRODUCTS

EC Increases Canned Ham Subsidy

Effective March 16, the European Community export subsidy on canned hams and shoulders was increased 12 percent to the equivalent of 31 U.S. cents per pound. Rising costs of production—probably labor costs—led to the increase. No other changes were made in pork or pork product export subsidies at the time.

In 1972, U.S. imports of canned hams and shoulders totaled 300 million pounds. The Netherlands and Denmark supplied about 70 percent.

Greece Imports 56 U.S. Bulls

The Government of Greece recently bought 56 U.S. bulls for service at the two Government-operated artificial insemination stations. Consisting of 40 Holstein-Friesians, 10 Brown Swiss, and 6 Charolais, this purchase is the second in 4 years for which the Government has waived required international tenders for buying livestock and contracted directly with U.S. suppliers.

Dominican Republic Bans Meat Exports

In an effort to control rising prices and make more meat available for the domestic market, the Dominican Republic suspended meat exports, effective April 14.

The Dominican Center for Export Promotion (CEDOPEX), which developed the agreement between the Government and exporters, said the ban will allow cattle to fatten during the dry season and assure that slaughterhouses will be able to maintain a steady flow of meat to local consumers.

A CEDOPEX representative said there is little chance that Dominican beef suppliers will lose their export market because of the restriction since foreign clients had given prior assurances they would continue to buy Dominican meat when exportation again begins.

Last year, Dominican slaughterhouses halted exports for a 45-day period which started May 1.

In 1972, the United States imported some 14.2 million pounds of beef and veal from the Dominican Republic. U.S. imports during January and February 1973 totaled more than 3 million pounds, compared with 1.3 million pounds during the same months last year.

GRAINS, FEEDS, PULSES, AND SEEDS

Rotterdam Grain Prices and Levies

Current offer prices for imported grain at Rotterdam, the Netherlands, compared with a week earlier and a year ago:

Item	April 25	Change from previous week	A year ago
	Dol. per bu.	*Cents per bu.*	*Dol. per bu.*
Wheat:			
Canadian No. 1 CWRS-14	3.21	+3	1.99
USSR SKS-14	(1)	(1)	1.86
Australian FAQ [2]	(1)	(1)	(1)
U.S. No. 2 Dark Northern Spring:			
14 percent	2.88	+5	1.89
15 percent	2.91	+3	1.98
U.S. No. 2 Hard Winter:			
13.5 percent	2.84	+4	1.82
No. 3 Hard Amber Durum	3.14	+13	1.84
Argentine	(1)	(1)	(1)
U.S. No. 2 Soft Red Winter	(1)	(1)	(1)
Feedgrains:			
U.S. No. 3 Yellow corn	2.04	−3	1.47
Argentine Plate corn	2.21	+1	1.74
U.S. No. 2 sorghum	2.05	−4	1.50
Argentine-Granifero sorghum	2.03	−5	1.50
U.S. No. 3 Feed barley	1.81	+3	1.19
Soybeans:			
U.S. No. 2 Yellow	7.30	+73	3.78
EC import levies:			
Wheat [3]	[4] 1.48	−7	1.67
Corn [5]	[4] 1.17	−2	1.10
Sorghum [5]	[4] 1.19	−1	1.06

[1] Not quoted. [2] Basis C.I.F. Tilbury, England. [3] Durum has a separate levy. [4] Effective October 14, 1971, validity of licenses with levies fixed in advance is a maximum of 30 days. [5] Italian levies are 23 cents a bu. lower than those of other EC countries.

Note: Price basis 30- to 60-day delivery.

USSR Buys Canadian Grain

The Canadian Wheat Board has announced it sold the Soviet Union $200 million worth of grain, including 1.5 million tons of wheat and 500,000 tons of barley, for April-October delivery. Of the 5 million tons of Canadian wheat sold to the USSR last year, over 2.8 million tons was shipped through January.

Grain Exports and Transportation Trends: Week Ending April 13

Weekly export inspections of wheat, feedgrains, and soybeans totaled 1.76 million metric tons for the week ending April 13—up 6 percent from the week before and 9 percent above the March weekly average.

Shipments were: Wheat, 715,000 metric tons; feedgrains, 731,000 tons; and soybeans, 311,000 tons.

Inland transportation was steady. Railcar loadings of grain totaled 28,529 cars, nearly the same as a week earlier. Barge shipments of grain, at 335,000 metric tons, continued to reflect flood conditions on the Mississippi.

GRAIN EXPORTS AND TRANSPORTATION TRENDS: WEEK ENDING APRIL 13

Item	Week ending Apr. 13	Previous week	Weekly average, March	Weekly average, third quarter
	1,000 metric tons	*1,000 metric tons*	*1,000 metric tons*	*1,000 metric tons*
Weekly inspections for export:				
Wheat	715	689	589	637
Feedgrains	731	712	688	690
Soybeans	311	249	333	327
Total	1,757	1,650	1,610	1,654
Inland transportation:				
Barge shipments of grain	335	342	495	495
	Number	*Number*	*Number*	*Number*
Railcar loadings of grain	28,529	28,525	30,404	32,271

Computerized Feed Mill Planned for Malaysia

Two new developments are underway in Malaysia which could revamp some elements of the animal feed industry there. The press has reported that one animal feed concern intends to establish a computerized plant, while another intends to open a grass pellet and meal operation.

The computerized factory is being constructed by one of the larger animal feed millers in the Malaysia-Singapore area and is said to cost some US$1.6 million. Based on a computer programing system using punch cards, this mill will be the region's first integrated pelletized operation. The project also includes the construction of silos storing up to 4,000 long tons of cereal grains.

The grass meal and pellet plant is being built by a large plantation company to further diversify its operation. When fully operational the project is expected to produce 12,000 tons of these two types of animal feed annually and will cater to domestic and export requirements.

German Mixed Feed Output Sets Record in 1972

Mixed feed production in West Germany reached a record 10.7 million metric tons in 1972, up 8 percent from the previous year. The leader was mixed feeds for cattle and calves, which rose 17 percent.

The amount of grain used in mixed feed production increased moderately in 1972 to a record 3.8 million tons, but the grain share of total ingredients declined from 37.1 percent in 1971 to 35.5 percent in 1972. Part of the decline is because of the sharp rise in production of cattle and calf feeds which are lower in grain content.

In 1972, for the first time, production of swine feeds exceeded that of poultry feed, which has been static for the past 3 years. Poultry feeds accounted for 34 percent of all the mixed feeds produced in West Germany in 1972, while swine feeds accounted for 35 percent.

Argentina's Grain Storage Problems

An April 5 report indicates that unusually heavy Argentine rains have continued, further delaying fall harvests and increasing quality deterioration. Inadequate storage is expected to be a serious problem. The Ministry of Agriculture is anticipating a 28-million-ton harvest of fall grains and oilseeds, but has storage capacity of only 10 million tons.

FATS, OILS, AND OILSEEDS

Peru's Fishmeal Exports Lag

During the September 1972-March 1973 period, Peru exported an estimated total of only 147,000 metric tons of fishmeal, compared with 1.38 million tons in the same 7 months of 1971-72. The shortfall in exports is equivalent to the protein fraction of 82 million bushels of soybeans.

Argentine Cake and Meal Exports Drop

Argentina's exports of sunflower, peanut, linseed, and cottonseed meals during the October 1972-February 1973 period declined to 157,400 metric tons (soybean-meal-equivalent basis)—63,500 tons below the same 5 months a year ago. The bulk of the decline reflected reduced movements of linseed expellers. The drop is an extension of the 200,000-ton decline registered in 1971-72 from the 604,000-ton volume exported in 1970-71.

Oilseed and Meal Exports By Major Suppliers Drop

During the October-December 1972 period, exports of oilseeds and meals from eight major exporting countries[1] amounted to 5.65 million metric tons (soybean meal equivalent)—about 40,000 tons less than exports during the comparable 1971 period. The decline from the record 1972 period is in sharp contrast with the 400,000-ton increase in 1971 from the 1970 volume.

The reduction in the 1972 period reflected sharp declines in exports of fishmeal from Peru and Chile, as well as smaller peanut meal exports from India and Argentina, and linseed meal from Argentina. These were largely offset by sharply increased exports of soybeans and meal from the United States and Brazil.

Combined exports from the United States and Brazil—at more than 5 million tons in the October-December 1972 period—increased more than 1 million tons from the same 3 months a year earlier, accounting for 89 percent of the eight-country total against only 70 percent in the 1971 period. In recent years, exports from these eight countries have accounted for more than three-fourths of world exports of oilseeds and meals in terms of soybean meal equivalent.

[1] United States, Brazil, Peru, Argentina, Chile, Norway, India, and Canada.

Although a further gain in exports of soybeans and meal is expected from the United States and Brazil during the July-September 1973 period, the shortfall in exports of fishmeal, peanut meal, and linseed meal is expected to prevent any significant growth in aggregate exports of oilseeds and meals during the October 1972-September 1973 season.

COTTON

Pakistani Cotton Crop Up Slightly in 1972-73

Pakistan's cotton crop for 1972-73 is placed at 3.3 million bales (480 lb. net), only 50,000 higher than a year earlier despite an increase in area of around 100,000 acres. Abnormal insect infestation had occurred in the Punjab, the principal production area, which reduced yields.

Pakistan's 1972-73 exports of raw cotton are expected to reach around 1.4 million bales, compared with 1 million in 1971-72. During the period August 1972-February 1973, shipments totaled 598,000 bales, compared with 511,000 for the same months in 1971-72.

A significant new domestic demand for cotton cloth has emerged recently. It is now being used to some extent in domestic shipments to wrap cotton bales and for industrial bagging instead of jute which was previously employed. Availability of jute from Bangladesh (formerly East Pakistan) is limited and cotton cloth, wherever possible, may replace jute for these uses until jute trade channels are reestablished.

Cotton and its products account for over 50 percent of Pakistani foreign exchange and cotton production is being encouraged. The Pakistani Government expects to earn about $190 million from cotton exports in 1972-73, compared with $163 million in 1971-72.

FRUITS, NUTS, AND VEGETABLES

British Fruit Growers To Receive Special Payment

The U.K. Ministry of Agriculture will soon introduce a bill in Parliament to reimburse pear and apple growers for losses incurred from Britain's entry into the European Community. The Government has acknowledged that other sectors of the British horticultural industry may also suffer losses and said it was willing to discuss similar bills with spokesmen from the industry.

The Government is introducing the bill on behalf of the fruit growers at this time, it said, because they will face particular difficulties as the result of EC accession and some of them may find it impossible to continue in commercial production.

The legislation will provide for special payments for growers who grub up culinary or dessert apples, or pears, in addition to paying the full standard costs of grubbing.

The maximum special payment could be as much as $500 per acre, but may vary according to the size and type of trees and the density of planting. The scheme does not apply to cider apples or perry pears, and has as a condition that growers must grub up all of their dessert or culinary apples or pears.

India's Cashew Crop Slightly Smaller

Early estimates place India's 1973 cashew crop at 105,000 short tons (raw-nut basis), somewhat below last year's 110,000-ton yield. Harvest of the current crop was delayed nearly a month because of drought. The degree to which the drought affected quality is unknown at this time.

Historically dependent on African raw nuts for over 60 percent of the tonnage they process, the Indian trade imported approximately 212,000 tons in calendar 1972. This compares with 185,000 tons in 1971 and the record 224,000 tons bought in 1968. Prices for raw African nuts, Angoche, c.i.f., Cochin, averaged 11 U.S. cents per pound in 1972 versus 10.3 U.S. cents a year earlier.

Indian exports of kernels during calendar 1972 are placed at a record 70,000 tons. This is well above the 1971 level of 66,120 tons. Whole kernels (320 count) packaged in 25-pound tins averaged 74 U.S. cents per pound in 1972 (c.i.f. New York), slightly more than the 73-U.S.-cent 1971 average. And for the second time in 4 years, the Soviet Union surpassed the United States as India's primary export market.

Industry members foresee rising prices in 1973, citing low carryover from last season and strong demand; 320-count whole kernels were recently quoted at 75 U.S. cents per pound and some feel the price will rise further.

Morocco Orders Destruction Of Wilking Orange Groves

Morocco has taken what may be an unprecedented step to maintain the quality of its citrus fruits. In late February, the Government, by royal decree, ordered all Wilking orange plantations to uproot their trees or cut them back and regraft with approved varieties. Growers will be compensated for losses according to schedules to be established later.

Production of the Wilking, a seedy mandarin, has been largely limited to southern Morocco. Production for the 1972-73 season is estimated at 25,000 metric tons from 5,200 acres. This represents roughly 3 percent of total 1972-73 citrus production and acreage.

Wilking oranges have been increasingly difficult to market abroad in recent years.

SUGAR AND TROPICAL PRODUCTS

Colombian Soluble Coffee Plant

The President of the Republic of Colombia recently inaugurated a new freeze-dried soluble coffee plant in the Department of Chinchina.

Built at a cost of $5.86 million, it covers 15,000 square meters, employs 210 people, and is owned and operated by the National Federation of Coffee Growers.

The plant has a current capacity of 1,000 tons of soluble coffee, but is expected to reach a capacity of 2,500 tons of soluble by next year. Colombia previously had only two soluble coffee factories with a combined output of 1,200 tons, primarily for local consumption.

All of the freeze-dried soluble output from the new plant is slated for export to new markets such as Japan, Australia, and South Africa.

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Red Meat Consumption Rises in Most Nations *(Continued from page 4)*

also experienced little real growth in pork production.

- Another category of consumers are the Mediterranean countries where consumption grew markedly from 1961 to 1971. Yet, these countries remain considerably below their northern neighbors with 1971 per capita consumption ranging from 16 pounds per person in Greece to 31 pounds in Spain.
- The major cattle and sheep producing countries of South America and Oceania are not large pork consumers, and except for Australia, per capita consumption has remained static or declined in this category of consuming countries.

In Australia, pig numbers and pork production have expanded considerably. Strong demand and the trend to larger, more commercialized units have offset the reduced supply of inexpensive feeds such as byproducts from the dairy industry. Consumption rose to 30 pounds per capita in 1971.

New Zealand's pork production has declined as skim milk and whey—the main hog ration—is increasingly used for manufacturing rather than pig feed.

- In South Africa, Central America, and some South American countries, pork consumption is less than 10 pounds per person, yet still accounts for 25-35 percent of total meat intake.
- Japan is still not a large pork consumer with an intake of 16 pounds per person in 1971, but is up considerably from only 5 pounds in 1961 and growing rapidly as a pork import market.

Mutton, lamb, and goat consumption. In only a few countries does lamb, mutton, and goat meat occupy a significant part of total meat consumption. Australia with 92 pounds per capita in 1971 and New Zealand with 88 pounds remain by far the largest per capita consumers of sheepmeats—just as they were in the early 1960's. Uruguay was third with 54 pounds per person in 1971, but unlike Oceania, consumption increased considerably in the period 1961 to 1971.

Growing population, combined with no domestic production increase and virtually no change in quantity imported (which accounts for over 60 percent of total supplies), has resulted in a small decline in per capita consumption in the United Kingdom over the period surveyed. Consumption totaled 23 pounds in 1971.

In Greece domestic production of sheep and goat meat changed little from 1961-71 and sheep numbers declined continuously. However, imports of lamb and mutton rose considerably. In 1971 imports jumped nearly 50 percent and Greece became the world's third largest importer of sheepmeats, behind the United Kingdom and Japan, and the fourth largest per capita consumer after Australia, New Zealand, and Uruguay.

Increased imports of mutton for manufacturing accounted for an increase in Japanese consumption of sheepmeats, but at 3 pounds per person in 1971 the per capita intake is still very low.

Mutton and lamb form a very minor part of total meat consumption in the United States with only 3 pounds per person in 1971. Imports of mutton and lamb in 1971 were virtually unchanged from 1961 levels and therefore were unable to offset the domestic production drop that has taken place.

World consumption of goatmeat is small in relation to lamb and mutton, and is marginally important in a few countries such as Greece, Turkey, and Brazil.